

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CU-02 OES-07 L-03 PM-05 NSC-05
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FM AMEMBASSY MADRID
TO SECSTATE WASHDC 1105
INFO JCS
SECDEF
USCINCEUR
CINCUSAFE

C O N F I D E N T I A L SECTION 1 OF 2 MADRID 5488/1

FOR EUR/WE, CU, OES

E.O. 11652: GDS
TAGS: MARR, AFSP, SP
SUBJECT: U.S. SPANISH COUNCIL -- SHARING OF ADMINISTRATIVE COSTS

REF: STATE 155819 (DTG 052154Z JUL 77)

SUMMARY:
FOREIGN MINISTRY OFFICIALS DIRECTLY INVOLVED IN THE
WORK OF THE COUNCIL HAVE TAKEN THE POSITION THAT
"PERMANENT ADMINISTRATIVE COSTS" OF THE COUNCIL SHOULD
IN NO CASE BE DRAWN FROM PROGRAM FUNDS PROVIDED BY THE
TREATY EXCEPT ON A PROVISIONAL, REIMBURSABLE BASIS. SHOULD THEY
PERSIST IN THIS, THE MINISTRY WOULD IN EFFECT BE IN
THE POSITION OF OVERRULING AN EARLIER AGREEMENT REACHED AMONG
THE COCHAIRMAN OF THE JOINT COMMITTEES ON SCIENCE/TECHNOLOGY
AND EDUCATION/CULTURE TO FINANCE THEIR JOINT ADMINISTRATIVE STAFF
FROM TREATY FUNDS. THE AMBASSADOR WILL NEXT RAISE THIS MATTER
DIRECTLY WITH SPANISH COUNCIL PERMREP SOLANO. REQUEST
REVIEW, BEFORE HE DOES SO, OF THE POSITION OUTLINED
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REFTEL TO DETERMINE WHAT BUDGETARY ALTERNATIVES MIGHT
BE AVAILABLE ON THE US SIDE. END SUMMARY.

1. THE EMBASSY HAS PRESENTED THE PSOTIONS CONTAINED
REFTEL IN THE FIRST INSTANCE TO SPANISH PERMANENT
SECRETARY (CUERVO) AND THEN TO DIRECTOR GENERAL FOR
NORTH AMERICAN AND PACIFIC AFFAIRS (DURAN), WHO WE

UNDERSTAND HAS ALSO DISCUSSED THE MATTER WITH UNDER SECRETARY (COUNCIL PERMREP) SOLANO.

2. THERE APPEARS TO BE NO DIFFERENCE OF OPINION WITH RESPECT TO EQUAL SHARING OF THAT PROPORTION OF THE EXPENSES OF OPERATING AT THE COUNCIL SITE IN MADRID WHICH IS ATTRIBUTABLE TO ACTIVITIES OF THE COMBINED MILITARY COORDINATION AND PLANNING STAFF (CMCPS). THERE ALSO APPEARS TO BE NO DIFFERENCE OF VIEW AS TO INCLUDING WITHIN THE DEFINITION OF "PERMANENT ADMINISTRATIVE COSTS" NOT ONLY SALARIES OF ANY COUNCIL EMPLOYEES NOT DIRECTLY EMPLOYED BY EITHER GOVERNMENT BUT ALSO UTILITIES; JANITORIAL, GARDENING, AND SIMILAR CONTRACTUAL SERVICES; SUPPLIES RELATED TO USE OF THE BUILDING, SUCH AS LAVATORY, CLEANING, AND GARDENING SUPPLIES; LOCAL COMMERCIAL TELEPHONE SERVICE; AND CERTAIN COPYING FACILITIES. FROM DISCUSSIONS THUS FAR, WE EXPECT THERE MAY BE SOME DIFFERENCE OF VIEW AS TO WHERE TO DRAW THE LINE BETWEEN USE-RELATED EXPENSES (SHARED) AND BASIC BUILDING MAINTENANCE AND REPAIRS (A GOS RESPONSIBILITY). THIS MAY HAVE TO BE WORKED OUT AS WE GO ALONG. WE ALSO DO NOT BELIEVE THE GOS WILL BE WILLING TO SHARE THE EXPENSE OF OFFICE EQUIPMENT INSTALLED BY THE US SIDE OF THE CMCPS FOR ITS CONVENIENCE.

3. ALSO AGREED IS THAT THE GOS WILL FINANCE SUCH COSTS
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OF MEETINGS OF THE COUNCIL IN MADRID AS SECRETARIAL SERVICES AND INTERPRETING. WE ARE TOLD BY DURAN AND CUERVO THAT THE GOS IS PREPARED AS WELL TO CONTRIBUTE HALF OF THE COST OF SALARIES OF THE JOINT ADMINISTRATIVE STAFF AS WELL AS HALF OF ALL OTHER SHAREABLE ADMINISTRATIVE COSTS OF THE COUNCIL, BUT NOT ON THE BASIS OF THE US PAYING ITS HALF FROM EXISTING TREATY FUNDS, EITHER MILITARY OR NON-MILITARY.

4. THE MAJOR REMAINING HURDLE, THUS, IS THE QUESTION OF WHETHER THE US DRAWS FROM EXISTING TREATY FUNDS TO

FINANCE ITS SHARE OF CIVILIAN COUNCIL EXPENSES. CUERVO AND DURAN, APPARENTLY WITH SUPPORT FROM SOLANO, HAVE ARGUED STRONGLY THAT:

--THE GOS IS ALREADY SPENDING CLOSE TO \$2 MILLION FOR PURCHASE, REFURBISHING, AND FURNISHING OF THE COUNCIL BUILDING, IN FULFILLMENT OF OBLIGATIONS UNDER ARTICLE VI OF SUPPLEMENTARY AGREEMENT 1;
-- ONGOING EXPENSES WILL NOT BE HIGH;

-- FOR THE US TO INSIST THAT COSTS OF ITS CIVILIAN PARTICIPATION IN THE WORK OF THE COUNCIL CAN ONLY BE PAID OUT OF EXISTING TREATY FUNDS IS NOT IN THE SPIRIT OF THE TREATY RELATIONSHIP AND WILL NOT BE UNDERSTOOD IN SPAIN, PARTICULARLY GIVEN THE "SCARCITY" OF FUNDS AVAILABLE TO MEET THE REQUIRMENTS OF THE COOPERATIVE PROGRAMS IN SCIENCE AND TECHNOLOGY AND EDUCATION AND CULTURE;

-- TO DENY ANY US CONTRIBUTION TOWARD A TOKEN OFFICE AT THE COUNCIL SITE FOR THE PERMANENT SECRETARIAT IS NIGGARDLY, AND SUGGESTS THAT THE US PERMANENT SECRETARY WOULD NOT CONDUCT BUSINESS WITH HIS SPANISH COUNTERPART AT THE SITE.

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C O N F I D E N T I A L SECTION 2 OF 2 MADRID 5488

FOR EUR/WE,CU OES

5. AT THE SAME TIME, THEY HAVE EXPRESSED UNDERSTANDING THAT THE PRECISE NATURE OF THESE SHAREABLE EXPENSES COULD NOT HAVE BEEN FORESEEN UNTIL THE COUNCIL SITE HAD BEEN DETERMINED, AND THAT THEREFORE THE GOS WOULD BE PREPARED TO HAVE THE SALARIES OF THE JOINT ADMINISTRATIVE STAFF PAID FROM TREATY FUNDS ON A PROVISIONAL BASIS SUBJECT TO OUR AGREEING NOW TO LATER REIMBURSEMENT FROM BOTH GOVERNMENTS FROM OTHER FUNDS. (WE HAVE ACCEDED TO MAKING THE ARRANGEMENT PROVISIONAL, BUT NOT TO ITS BEING REIMBURSABLE. THEY ARE ALSO PREPARED TO COVER OTHER ADMINISTRATIVE COSTS WITH GOS FUNDS SUBJECT TO LATER PARTIAL REIMBURSEMENT BY THE US.

6. NEXT STEPS: WE PLAN TO PROCEED TO PAY JOINT ADMINISTRATIVE STAFF SALARIES FROM TREATY FUNDS, AS PLANNED, EFFECTIVE JULY 1. CU AND OES HAVE ALREADY PROVIDED THE NECESSARY FUNDS ON THE BASIS OF AGREEMENT BY THE CO-CHAIRMEN OF BOTH JOINT COMMITTEES CONCERNED. THE PEOPLE ARE ALREADY AT WORK AND THERE IS NO PRACTICAL ALTERNATIVE.
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7. THE AMBASSADOR INTENDS TO PURSUE THIS MATTER WITH UNDER SECRETARY SOLANO WHEN SOLANO RETURNS TO MADRID AT THE END OF JULY, POINTING OUT THAT, IF THE PRIOR DECISION BY THE TWO JOINT COMMITTEES CONCERNED TO PAY SALARIES AND OTHER ADMINISTRATIVE EXPENSES OF THEIR JOINT ADMINISTRATIVE STAFF FROM THEIR PORTION OF TREATY FUNDS IS TO BE OVERRULED, THIS IS A MATTER FOR JOINT ACTION IN THE COUNCIL.

8. WE WOULD BE PREPARED ALSO TO CONTINUE TO ARGUE THAT THE EXPENSES OF THE JOINT ADMINISTRATIVE STAFF ARE LEGITIMATE COSTS OF ADMINISTERING COOPERATIVE PROGRAMS UNDER SUPPLEMENTARY AGREEMENTS 3 AND 4 AND THEREFORE PROPERLY CHARGEABLE TO TREATY FUNDS, ALTHOUGH WE ALREADY KNOW THAT SOLANO DOES NOT AGREE.

9. KNOWING THIS AND KNOWING THE CAPACITY OF JUST SUCH SMALL MATTERS AT THIS (NOT MUCH MONEY IS INVOLVED, AFTER ALL) TO PROVOKE SPANISH UNCOOPERATIVENESS ON ISSUES OF SUBSTANCE, WE WOULD HOPE THE DEPARTMENT MIGHT FURTHER REVIEW ITS ABILITY TO COVER CIVILIAN COUNCIL EXPENSES IN SOME WAY WITHOUT DRAWING ON TREATY FUNDS. IF NOT RESOLVED BY THE END OF SEPTEMBER, THESE ISSUES WILL SURELY BE RAISED BY OREJA WITH THE SECRETARY WHEN THE COUNCIL MEETS IN MINISTERIAL SESSION, AND COULD AS WELL BE TREATED IN PUBLIC IF THE SPANISH SENSE OF GRIEVANCE IN THIS MATTER IS NOT DEALT WITH.

10. IT WOULD BE EXTREMELY HELPFUL TO HAVE THE DEPARTMENT'S FURTHER REACTIONS BEFORE THE END OF JULY, WHEN THE AMBASSADOR WILL BE SEEING SOLANO. STABLER
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